

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-02 EB-04 INR-05 AID-05

IGA-01 ARAE-00 RSC-01 /046 W
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P 221351Z OCT 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC PRIORITY 2941

C O N F I D E N T I A L QUITO 6989

E.O. 11652: GDS

TAGS: PFOR, EC

SUBJ: AID PHASE-OUT

REF: A. STATE 228524; B. QUITO 6902; C. QUITO AIDAC 6937
D. QUITO 6949; E. QUITO AIDAC 6963

1. IN ACCORDANCE WITH REFERENCES A AND B, I MADE INITIAL PRESENTATION ON AID PHASE-OUT TO FONMIN LUCIO PAREDES AFTERNOON OCTOBER 21, I HAD PREPARED INFORMAL TALKING POINTS (COPIES BEING SENT DEPARTMENT) DRAWING ON THE DEPARTMENT'S INSTRUCTIONS AND OUR DRAFT AIDE MEMOIRE (REF D), AND I LET HIM READ THEM. HE DID SO CAREFULLY. HE THEN SPOKE TO ME AT LENGTH ABOUT ECUADOR'S CONTINUED NEED FOR FOREIGN ASSISTANCE; SAID THAT WHILE IT WAS TRUE THAT PETROLEUM REVENUES HAD INCREASED DRAMATICALLY, THESE HAD NOT YET BEEN TRANSLATED INTO THE KIND OF INFRA-STRUCTURE ECUADOR NEEDS TO ASSURE ITS DEVELOPMENT; SPOKE TO ME OF THE BACKWARDNESS AND LACK OF CHANGE IN THE SIERRA, THE "SUBURBIO" DISTRICT OF GUAYAQUIL, ETC. HE REQUESTED I CARRY A SPECIFIC MESSAGE TO THE DEPARTMENT AND THE USG ASKING THAT U.S. COOPERATION IN THE DEVELOPMENT OF ECUADOR NOT TERMINATE.

2. IN RESPONSE, I POINTED OUT TO THE FONMIN THE DIFFICULTY WE WERE EXPERIENCING IN OBTAINING CONGRESSIONAL AND PUBLIC SUPPORT FOR FOREIGN AID AND STRESSED THAT THE PROPOSAL I WAS PRESENTING PROVIDED A THREE-YEAR TRANSITION PERIOD FOR ECUADOR. I MENTIONED SPECIFICALLY THE CONCESSIONAL NATURE
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OF THE PROPOSED LOAN TO FINANCE ONGOING PROJECTS AFTER

JUNE 30, 1975. THE FOREIGN MINISTER SAID HE HAD NOTED THIS AND THAT THIS WAS A GOOD FACTOR: HOWEVER, I WAS ALSO NOTIFYING HIM OF THE END OF ONE KIND OF ASSISTANCE (I.E., THAT OF GRANT FUNDS ON JUNE 30, 1975).

3. I SUGGESTED TO THE FOREIGN MINISTER THAT THIS PROJECTED CHANGE IN OUR AID RELATIONSHIP COULD BE PUT IN A POSITIVE CONTEXT. IT COULD BE PRESENTED, I THOUGHT, AS A SHIFT IN THE FORM OF OUR ASSISTANCE WHICH WAS TAKING PLACE IN RECOGNITION OF THE PROGRESS WHICH HAD BEEN MADE IN THE DEVELOPMENT OF ECUADOR. THE FOREIGN MINISTER SEEMED TO LIKE THIS IDEA, AND SAID HE WOULD EXPLORE IT.

4. I THEN TOOK THE OPPORTUNITY TO MENTION TO THE FOREIGN MINISTER ONE ASPECT OF THIS CHANGED RELATIONSHIP WHICH ESPECIALLY CONCERNED ME, AND THIS WAS THE EFFECT THAT THE KNOWLEDGE OF THIS SHIFT MIGHT PRODUCE ON THE MANY LOYAL ECUADOREAN EMPLOYEES WHO HAD WORKED FOR THE AID MISSION FOR MANY YEARS. LUCIO PAREDES AGREED THAT THIS COULD CERTAINLY CAUSE PROBLEMS, AND SAID THAT WE WOULD HAVE TO GIVE DETAILED THOUGHT TO THE WAY IN WHICH IT WAS PRESENTED OR ANNOUNCED.

5. IN CONCLUDING, I TOLD THE FOREIGN MINISTER THAT LATER IN THE WEEK CHARGE HEMENWAY AND AID DIRECTOR CODY WOULD BE MAKING A MORE FORMAL AND SPECIFIC PRESENTATION TO HIM, OR IF HE PREFERRED TO SUBSECRETARY VALDEZ, AND THAT THEY WOULD HAVE A DETAILED AIDE MEMOIRE TOGETHER WITH A MEMORANDUM EXPLAINING WHAT HAD BEEN ACCOMPLISHED IN THE COURSE OF OUR BILATERAL ASSISTANCE EFFORTS. LUCIO PAREDES INDICATED HE WOULD LIKE THIS SECOND DISCUSSION TO TAKE PLACE WITH HIM.

6. COMMENT: LUCIO PAREDES RECEIVED THE NEWS WELL. I EXPECT HE WILL INFORM THE PRESIDENT AND OTHER MINISTERS OF THIS DEVELOPMENT AT THE OCTOBER 22 CABINET MEETING WITH THE RESULT THAT WHEN HEMENWAY AND CODY MAKE THEIR PRESENTATION TO HIM, HOPEFULLY LATER THIS WEEK, HIS REACTION WILL REFLECT A MORE FORMAL GOE POSITION.

7. ACTION REQUESTED: THE DEPARTMENT'S APPROVAL OF THE
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DRAFT AIDE MEMOIRE AND MEMORANDUM SUBMITTED OCTOBER 19
IN REF D IS PROMPTLY REQUESTED.
BREWSTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974QUITO06989
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740301-0059
From: QUITO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741027/aaaaawnk.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. STATE 228524; B. QUITO 6902; C. Q, UITO AIDAC 6937
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 13 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 SEP 2002 by WorrelSW>; APPROVED <05 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AID PHASE-OUT
TAGS: PFOR, EC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005